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**TO SCHEME CREDITORS OF OIC RUN-OFF LIMITED AND THE LONDON AND OVERSEAS
INSURANCE COMPANY LIMITED WITH ESTABLISHED LIABILITIES**

7 October 2009

Dear Sir/Madam

**OIC Run-Off Limited (formerly The Orion Insurance Company PLC)
The London and Overseas Insurance Company Limited (formerly The London and Overseas
Insurance Company PLC)
(Both companies subject to a Scheme of Arrangement and together referred to as "the
Companies")**

I refer to the Scheme of Arrangement for the Companies which became effective on 7 March 1997. In accordance with clause 23.8 of the Scheme of Arrangement, I have pleasure in advising you of a payment in respect of your Established Liability. This is calculated at the recently revised Payment Percentage of 50%, a 2% increase on the previous Payment Percentage of 48%. A statement with details of your payment is enclosed.

If you have in the past requested payment by telegraphic transfer, these funds will be paid shortly into the account that you have nominated. Otherwise, a cheque is attached.

Should you have any queries concerning this payment please contact David Hills or Richard Stokes at Whittington Insurance Services Limited.

Whittington Insurance Services Limited
33 Creechurch Lane
London
EC3A 5EB

Telephone helpdesk: +44 (0) 20 7743 0290
Facsimile: +44 (0) 20 7743 0250
Email: OIC@whittingtoninsurance.com

Yours faithfully
For and on behalf of
OIC Run-Off Limited
The London and Overseas Insurance Company Limited



DY Schwarzmann
Joint Scheme Administrator

Enclosure

Helpful Notes

What is the purpose of this document?

This document is your Scheme Statement and Remittance Advice Form. It lists the 'new' and previously Established Scheme balances together with payments made to you under the Scheme of Arrangement on behalf of the quoted company. This document should be read in conjunction with the accompanying Transaction Backing Sheets, which list the underlying transactions forming your newly Established balance. Any cheque relating to the part payment currently due under the Scheme is enclosed. Please note that a cheque for amounts less than £10.00 (or its equivalent) is not normally issued. Any such amounts will, however, be carried forward to your account for future payment. Your cheque is in the same currency as the balance on your statement and you may have additional statements for different currencies.

What is your connection with the quoted company in Scheme of Arrangement?

The quoted company formerly transacted insurance and/or reinsurance business, but is now insolvent. One or more unsettled transactions which relate to you have been identified. These may have been placed directly by you or via an intermediary (such as a broker).

What is a Scheme of Arrangement?

It is a formally approved agreement between the quoted company and its creditors to provide a means to establish and pay creditor claims on a principal to principal basis. Each individual Scheme is sanctioned by a court of law. Scheme payments are made in accordance with the terms of the Scheme. A 'run-off' Scheme provides for periodic scheme payments (part payments) to be made as and when available funds permit.

What is the nature of the enclosed cheque?

Your individually agreed claims transactions (including inward and outward business) have been combined into an Established balance on which a part payment (i.e. the enclosed cheque) is due to you under the terms of the Scheme. In lodging your cheque with the bank you agree that such payment should firstly be applied as a repayment of the principal amount of the Established Scheme Liability (up to and including 100% of that amount). Only when the principal amount is fully repaid will any amount be regarded as an interest payment.

What does this Scheme Statement and Remittance Advice Form show?

This document, together with the supporting Transaction Backing Sheet, shows how the newly established scheme claim was formed, and lists the previously Established balances and payment under the Scheme. The Transaction Backing Sheet provides the details of each agreed claim (inward and outward) on which the Established balance payments have been calculated.

How are Scheme payments calculated?

Agreed underlying transactions are periodically totalled to create an Established balance. The prevailing payment percentage is then applied to each original Established balance.

For example, if you have two agreed claim transactions of £2,000 and £3,000 and you owe one premium of £500, these would be set-off and amalgamated to form an Established balance of £4,500. If the current payment percentage is (say) 20%, then your Scheme statement will show a current amount payable to you of £900, and a cheque for that amount would normally accompany the Remittance Advice.

What is a Top-Up Payment?

When a Scheme Payment Percentage is increased you will be entitled to an additional payment in respect of the Established balances. This is based on the difference between the old and new percentages and is known as a Top-Up Payment. For instance, if you have an Established liability of £4,500 on which a payment of £900 (20%) has already been made and the Scheme Payment Percentage were increased from 20% to (say) 25%, then you would receive a Top-Up Payment of £225 (i.e. an additional 5%).

What is a Compensatory Payment?

Any Top-Up Payment represents additional money that might have been made available to you at the date of the first payment and from which you could have derived interest had you received it on your first payment date. A Compensatory Payment attempts (by using interest rates) to provide you with a sum of money equivalent to the lost value in money arising from a deferred top-up payment. Any Compensatory Payment made before repayment of the whole principal amount is not deemed to be interest.

What happens if you have transactions in more than one currency?

When such a situation occurs, all agreed transactions forming an Established balance may be converted into a single common currency. The resulting balance is converted into whichever currency amongst these transactions predominated and Scheme payments are made in this predominant currency.

The amount paid only represents part of the sum you are owed. Will you receive another payment and when will this be?

The Creditors' Committee meets periodically with the Scheme Administrators to assess the funds available for distribution. As and when these funds permit the Scheme Payment Percentage is increased. Any such increase is announced in the press and any monies due to you as a result will be automatically paid subject to the terms of the Scheme.

Why have items for several different branches of your company been amalgamated?

Set-off is generally applied at corporate (i.e. legal entity) level. To achieve this, transactions belonging to two or more separate branch offices may have been combined into a single (head office) statement.

What will happen about any claims that are not yet agreed?

Any future agreed claim that becomes an Established Liability under the terms of the Scheme will be passed for payment (at the prevailing Scheme Payment Percentage) within 60 or 90 days of the agreement according to the terms of the Scheme. At that time you will be sent an updated Scheme Statement and Remittance Advice Form and Transaction Backing Sheet showing details of the new transactions forming the new Established balances.

Can we help you to identify your transactions?

If you have any queries regarding the amounts shown on your statement, or in reconciling these back to the individual transactions, or if you do not recognise the individual transactions shown as being those which you have agreed with the quoted company, please contact the Whittington Insurance Services Ltd helpline on +44 (0) 20 7743 0900, or your broker intermediary.

How can you help us to help you?

In all correspondence please quote the Principal ID number shown on the Scheme Statement. If your query is about a specific individual transaction, balance or statement item, please also quote the appropriate Item ID. Please notify us promptly of any change of address or assignment of claim and changes you might have regarding the statements.

VAT Bad Debt Relief

Creditors for supplies of goods and services which (when initially made or supplied) were subject to VAT, and who have claimed VAT bad debt relief in respect of the supply, may be liable to HM Customs and Excise for the VAT element of payments made under the Scheme. If you are in any doubt as to your VAT position you should consult your professional adviser.

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Scheme Statement & Remittance Advice

WHITTINGTON

MORGAN, LEWIS & BOCKIUS - CLIENT ACCOUNT

(Federal Pacific Electric)

C/O Morgan & Lewis

2 Gresham St

London

EC2V 7PE

Contact: Angus Duncan

OIC Run-Off Ltd and The London and Overseas Insurance Company Ltd
(in Scheme of Arrangement)

WHITTINGTON INSURANCE SERVICES LTD

33 CREECHURCH LANE

LONDON

EC3A 5EB

Tel: +44 (0) 20 7743 0900

Fax: +44 (0) 20 7743 0901

Statement Date: 01/12/2009

Payment Currency: USD

Principal ID: 524747

ESTABLISHED SCHEME BALANCES		PAYMENTS		CURRENT REMITTANCE ITEMS				
BALANCE ID	100% AMOUNT	SCHEME PAYMENT(S)	COMPENSATORY PAYMENT(S)	ITEM ID	ITEM DATE	TYPE	DETAILS OF PAYMENTS	STATEMENT AMOUNT
NEWLY ESTABLISHED (See Backing Sheet)								
1057470	-4,000,000.00	-2,000,000.00	0.00	723894	30/11/2009	SF	First Payment - 50.0% Auto	-2,000,000.00
PREVIOUSLY ESTABLISHED								
723828	-481,080.03	-240,540.02	-2,777.94					
OTHER ITEMS								
	-4,481,080.03	-2,240,540.02	-2,777.94					
							Income Tax Deducted:	0.00
							STATEMENT ITEM TOTALS:	-2,000,000.00

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Our Bank Ref: UKG

Cheque No: PT636

Amount: USD

-2,000,000.00